IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT :

THE HONOURABLE MR. JUSTICE J.M.JAMES

MONDAY, THE 13TH NOVEMBER 2006 / 22ND KARTHIKA 1928

WP(C).No. 29261 of 2006(H)

PETITIONER:

PERAMBRA CO-OPERATIVE URBAN BANK LTD.
NO.D 2760, PERAMBRA, KOZHIKODE,
REP. BY ITS SECRETARY.

BY ADV. SRI.P.P.JACOB
SRI.B.MANIMOHAN
SRI.N.T.SATHYAVAN

RESPONDENTS:

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1. JOINT REGISTRAR OF CO-OPERATIVE SOCIETIES (G), KOZHIKODE.

2. REGISTRAR OF CO-OPERATIVE SOCIETIES, THIRUVANANTHAPURAM.

3. RESERVE BANK OF INDIA, URBAN BANKS DEPARTMENT, TRIVANDRUM REGIONAL OFFICE, REP. BY ITS GENERAL MANAGER.

BY ADV. SRI.P.JACOB VARGHESE, SC, RBI (R3)
BY SENIOR GOVT. PLEADER SRI.P.N.SANTHOSH. (R1 & R2)

THIS WRIT PETITION (CIVIL) HAVING COME UP FOR ADMISSION ON 13/11/2006, THE COURT ON THE SAME DAY DELIVERED THE FOLLOWING:

J.M. JAMES, J.

W.P.(C) No. 29261 of 2006

Dated this the 13th November, 2006.

J U D G M E N T

The writ petitioner, Perambra Co-op. Urban Bank Ltd. No.2760, Perambra, Kozhikode, represented by its Secretary, is before this Court, praying to direct the Reserve Bank of India to grant licence to the petitioner bank for conducting banking business, as required by law, and not to cause any obstruction in its functioning, till a positive order of licence is issued by the Reserve Bank.

2. I have heard the arguments of the learned counsel, Sri.P.P.Jacob, appearing for the petitioner, as also the learned Standing Counsel, Sri.P.Jacob Varghese, appearing for the 3rd respondent, Reserve Bank of India.

3. The facts reveal that the petitioner, Co-operative Urban Bank, was functioning from the year 2002. It has made a representation on 26.12.2002 to the first respondent praying that it may be permitted to amend its bye-laws, so as to enable it to get the licence, as evidenced by Ext.P5. However, the materials available on record, Ext.P9, show that on 23.4.2005, the books of accounts were

inspected by the Assistant General Manager of Reserve Bank of India. Thereafter, on 22.9.2005, as per Ext.P10, the Reserve Bank has informed to the petitioner bank that,

> "As per the extant licensing policy of Reserve Bank of India, issuance of fresh licences for organisation of new urban co-operative banks will not be considered till a comprehensive policy on urban co-operative banks is formulated and an appropriate legal and regulatory frame work is put in place.
>
> In view of the above policy, your application for grant of licence stands rejected. "

4. The submission of the learned counsel appearing for the petitioner is that, in the light of the judgment in **Muhammed Usman v. Registrar of Co-operative Societies (***2003 (1) KLT 69***),** wherein the learned Single Judge of this Court has directed the Reserve Bank of India and other officials to take appropriate steps, to set things in order, within two months, and in other cases, within two months from the date of receipt of appropriate representation. The learned Single Judge also cautioned the Reserve Bank to take prompt action, where ever violation of the provisions of the Banking Regulation Act, 1949, was found, so as to safeguard the public interest, as well as protecting the banking policy, thereby preventing disorderly functioning of the Co-operative Banks, and for the proper management of the banking business in the Co-operative Banks.

5. The above findings of the learned Single Judge was challenged before the Division Bench in **Cherukode Co-op. Rural Bank Ltd. v. Parur Service Co-op. Bank** *(2006 (3) KLT 38).* The Division Bench upheld the conclusions arrived at by the learned Single Judge. However, it also issued certain guidelines.

6. In this writ petition, the petitioner had quoted the directions contained in the Division Bench, with respect to the writ petitioner, Bank. As there was a submission for disposal of their representation for obtaining licence from the Reserve Bank of India, the Division Bench has directed the Reserve Bank, 'to dispose of the licence application filed by the Perambra Co-operative Urban Bank Ltd., the petitioner in W.P.(C) No.21956/2004, according to law, with notice to them, as expeditiously as possible, in any event, within three months from the date of receipt of a copy of this judgment, if the application is not already disposed of.'

7. Ext.P12 is the letter of the Reserve Bank dated 24.8.2006, stating the rejection of application for licence filed before it on 12.9.2006, by the writ petitioner, Perambra Co-operative Urban Bank Ltd. Through Ext.P12, the request for granting of the licence was again dismissed, reminding the petitioner bank that the application for licence has been rejected as per Ext.P10 letter dated 22.9.2005.

Thus, in effect, the request of the writ petitioner, Urban Co-operative Bank, to grant licence had already been disposed of. Therefore, the judgments of the learned Single Judge in Muhammed Usman's case, cited above, and of the Division Bench in Cherukode Co-op. Rural Bank Ltd.'s case, cited above, are not helpful to the petitioner. Hence, nothing survives for passing any order in this writ petition. Accordingly, this writ petition is dismissed.

8. However, it is made clear that if the petitioner is having any remedy as per the law, the result of this writ petition, will not stand in its way, including the right, if any, of the writ petitioner, to move the Registrar of Co-operative Societies, to change the name as Urban Co-operative Society.

J.M. JAMES,
JUDGE.

nj.